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IN THE

Supreme Court of the United States

October Term, 1932

No. 565

PHILIP HURN and PERCY MORGAN, JR.
Petitioners (Appellants)

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS
Respondents

PETITION OF THE APPELLANTS FOR A REHEARING

JOSEPH LORENZ
Counsel for Petitioners

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PETITION FOR REHEARING

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioners, Philip Hurn and Percy Morgan, Jr., the appellants in the above entitled cause, decided on April 17, 1933, the opinion in which is reported in 53 U. S. Supreme Court Reporter, 586, respectfully present this, their petition for a rehearing therein, and in support thereof respectfully show:

Preliminary Statement

Reconsideration of no question of law is asked. The petition is based upon petitioners' belief that the Supreme Court misconceived the intent and effect of a finding of fact by the trial Court. The opinion of the Supreme Court is divided into two parts, one, which deals with the copyrighted version of the plaintiffs' play, and the other with the subsequent uncopyrighted version. No request is made for reconsideration of the Court's decision with respect to the uncopyrighted version of complainants' play.

With respect to the copyrighted version, the Supreme Court's opinion recognizes the jurisdiction of the Federal Court to consider the complainants' claim for unfair competition. It decides, however, that the trial Court's finding that "no version of the defendants' play 'The Spider' infringed in any way either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play, in contravention of the Copyright Law of the United States," was conclusive, *upon the merits,* against complainants' contention of unfair competition. It reaches this conclusion notwithstanding that the trial Court had not passed or purported to pass upon the question of whether or not the facts adduced constituted unfair competition. It is believed that this conclusion of the Supreme Court was based upon a misconception of the meaning of the finding made by the trial Court and it is solely in this belief that this application for a rehearing is made.

Petitioners' contentions are as follows:

(1) The trial Court's finding of fact should be construed as being limited to the sufficiency of the facts as warranting a conclusion that the evidence adduced was insufficient to establish copyright infringement.

(2) In view of the exclusion by the trial Court of evidence bearing on unfair competition, its finding could not be determinative of the facts bearing on that issue.

(3) Since the Supreme Court's decision rests on a misconception of the scope of the trial Court's finding, the petition for rehearing should be granted.

POINT I

The trial Court's finding of fact should be construed as being limited to the sufficiency of the facts as warranting a conclusion that the evidence adduced was insufficient to establish copyright infringement.

The finding of the lower Court here involved is as follows:

> "No version of the defendants' play 'The Spider' infringed in any way either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play, **in contravention of the Copyright Law of the United States"** (R. 19).

It is most important to note that the Supreme Court, in quoting this finding, omitted the words, vital from our point of view, *"in contravention of the Copyright Law of*

the United States'' (53 U. S. Supreme Court Reporter 590). It is this omission which in our opinion led to the misconception of the intent and scope of the finding. The whole intent thereof was to make clear that the actions of the defendants *in no way* constituted a violation of the Copyright Law of the United States. The finding, submitted by the complainants themselves, was designedly made as broad as possible from this point of view, in order to indicate complainants' intention to eliminate clearly all question of substantive Copyright Law from the subsequent proceedings. As no appeal was intended to be taken from the trial Court's decision on the copyright question, it made no difference how sweeping and comprehensive the finding was in this connection. It expressed unequivocally the idea that there was no *such* appropriation by the defendants of the plaintiffs' copyrighted play as to constitute in any way an infringement *violative of the Copyright Law.* The meaning of the finding is merely, as the Supreme Court itself summarized it early in the opinion (53 U. S. Supreme Court Reporter 587), that "The Spider" did not infringe *in any way* "The Evil Hour," in contravention of the Copyright Law of the United States. If the finding had been expressed merely in those words, it can hardly be contended that it constituted any adjudication with respect to the facts in so far as they might constitute or be claimed to constitute unfair competition. The finding itself merely particularized this generality in order to make unequivocal the conclusion, from which the plaintiffs intended to take no appeal, that the proof *from no aspect* established a *copyright infringement.*

The Supreme Court's interpretation of the finding seems to us to be equivalent to the following:

> (a) "That no version of the defendants' play 'The Spider' infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play"; and
>
> (b) *Therefore,* the defendants' acts constituted *no* violation of the Copyright Laws of the United States.

If the statement (a) had been found in the unqualified form above set forth, we would readily admit its application to the unfair competition aspect of the case. Such, however, was not the trial Court's determination. The words "in contravention of the Copyright Laws of the United States," are in no way a separate coordinate finding, but are used in deliberate limitation of the immediately preceding clause. If it had been intended to express a conjunctive or coordinate idea as distinct from one of limitation and explanation, a word of negation would have been used, as in (b) above, to convey the meaning that the play complained of was *not* in contravention of the Copyright Laws of the United States. The fact that the phrase "in contravention of the Copyright Laws of the United States" is expressed affirmatively, and not in terms of negation, is conclusive that it is used as a clause of limitation and explanation. Otherwise, its use would be logically meaningless. The use of the comma before the words, "in contravention" was merely to break a long sentence. It does not affect the meaning.

A further significant fact is that the finding states that "*no version of the defendants' play* 'The Spider' infringed in any way * * * the plaintiffs' copyrighted play in contravention * * *" etc. It does not say that the defendants' *acts* did not infringe or violate the plaintiffs' rights. This distinction is of importance. The trial Court purported to pass upon the question of whether *one play* infringed another. The theory of the claim based on unfair competition is that *certain acts* of the defendants violated the plaintiffs' rights. It is not our purpose to be technical or academic, or to deny that a claim of copyright infringement might have been expressed in terms of *acts* rather than infringement of one play by another, but in construing the scope and meaning of the trial Court's finding, it is submitted that the words chosen are strongly indicative of the actual matter decided.

POINT II

In view of the exclusion by the trial Court of evidence bearing on unfair competition, its finding could not be determinative of the facts bearing on that issue.

To our mind, conclusive proof that the trial Court did not and *could* not make a finding except from the viewpoint of copyright infringement appears in the preliminary clause in the "Findings of Fact and Conclusions of Law," immediately preceding the actual Findings of Fact. The trial Court used this language:

> "* * * and the court, **having excluded from evidence any proof in support of the allegations of paragraph Fifteenth** of the complaint as amended, in so far as said allegations are based upon claims other than a claim of violation of the Copyright Law of the United States * * *" (R. 17).

The assignment of errors also discloses that said evidence was excluded. Both the 1st and 2nd paragraphs of the assignment show that exclusion in so far as it related to unfair competition (R. p. 22).

The allegations with respect to which the proof was so excluded related to the unfair competition aspect of the case. Accordingly, the finding could not have comprehended that angle of the case, because the Court *expressly excluded evidence* bearing on that issue. Judge MACK, sitting in the Second Circuit as a District Judge, although he was a member of the Court in the Sixth Circuit which decided *Vogue Co.* v. *Vogue Hat Co.*, 12 Fed. (2d) 991, properly felt himself bound by the rule of the Circuit Court of Appeals in the circuit in which he was then acting as a trial Judge. Accordingly, he considered that he must exclude testimony relating to unfair competition (having no express bearing on the copyright infringement aspect) unless he should decide the copyright infringement claim in favor of the plaintiffs. Having excluded, as his decision shows, testimony with respect to unfair competition, necessarily his finding could not be determinative with respect to unfair competition, and was not intended so to be. He therefore purposely settled the record against the opposition of the respondents (R. 25) without including any testimony.

Although as the Supreme Court points out in its opinion, both aspects of the case arose out of the same trans-

action, and formed one cause of action, as said term is defined by the Court, nevertheless as the Court likewise demonstrates, the existence of two claims as parts of one cause of action does not require an absolute identity of facts. The trial Court, as it specifically stated, excluded and did not consider those aspects of the facts which bore solely on unfair competition.

POINT III

Since the Supreme Court's decision rests on a misconception of the scope of the trial Court's finding, the petition for rehearing should be granted.

A careful examination of the Supreme Court's opinion indicates that the decision rests upon its construction of the trial Court's finding. The Supreme Court does not hold that in every case a finding that particular facts do not constitute copyright infringement necessarily involves the conclusion that the same circumstances cannot constitute unfair competition or unfair business practices warranting relief in equity; nor does it hold that the complaint fails to state a cause of action for relief against unfair competition or unfair practices. If the Court had wished to make either of such determinations, it would certainly have so stated. It has never been decided, so far as we have been able to discover, that the elements necessary to constitute a copyright infringement are identical with those required to establish unfair competition, or that a decision that no copyright infringement exists is tantamount to a further adjudication that no unfair competition is proved. There is no more basis for any

such contention than one that if particular facts are insufficient to establish trademark or patent infringement they are *per se* insufficient to prove unfair competition. For example, even if the use made by defendants of elements of complainants' play did not constitute that degree of meticulous copying necessary to establish copyright infringement, nevertheless, the *unfairness* under all the circumstances of the use to which it was subjected, might well constitute ground for relief in equity. Whether the particular situation warranted such relief, was, of course, not decided by the trial Court. (See Complainants' Reply Brief in Support of Petition for Writ of Certiorari, pp. 5-10.)

The effect of this Court's decision is to render an adjudication upon the facts, contrary to that which the trial Court intended, or, in view of its exclusion of evidence, could have made, and without even the record of the proof actually admitted in evidence, before it. It results in denying to the complainants even the right to raise the question of unfair competition in the State Court, by reason of the facts becoming *res adjudicata,* notwithstanding that no court has ever passed upon the full facts upon which the complainants' claim in this connection is founded.

For the foregoing reasons, it is respectfully urged that this petition for a rehearing be granted, and that the decree of the Circuit Court of Appeals for the Second Circuit be, upon further consideration, reversed.

Respectfully submitted,

JOSEPH LORENZ,
Counsel for Petitioners.

I, JOSEPH LORENZ, counsel for the above named petitioners, Philip Hurn and Percy Morgan, Jr., do hereby certify that the foregoing petition for a rehearing of this cause is presented in good faith and not for delay.

JOSEPH LORENZ,
Counsel for Petitioners.